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DOS Review Completed.

TO: Secretary of State Rogers
Under Secretary of State Richardson
Secretary of Defense Laird

SUBJECT: Talks in India

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

Following is a general summary of our talks in India. The President and Mrs. Gandhi met alone for almost three hours on two separate occasions. Advisors from each side met separately and concurrently.

The President and Mrs. Gandhi covered the following issues in a broad way: political problems in each country, long-range prospects in Asia, Vietnam, India/Pakistan relations, economic problems including population control, and East-West relations.

The advisors, in a systematic discussion following our brief resume of the main points made at previous stops, covered the following issues:

1. China : The Indians emphasized the increased military threat to them, although they noted that they saw some straws in the wind that the Chinese Communists might be trying to return gradually to more normal diplomatic relations with a number of the smaller countries in Asia. They did not see any possibility of a change in China's attitude toward them in the foreseeable future. We explained by our attitude toward both the USSR and China in terms of not tying ourselves to any initiative directed by one at the other. We explained our recent relaxation in restrictions against

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Chinese Communist goods and travel to China.

2. ICBM's: The Indians seemed particularly interested in our assessment of how far the Chinese seem to be going in the development of ICBM's, and they asked what we thought the effect of Chinese nuclear power would be on non-nuclear countries. We implied that, while we could not specify our response in advance, we could say that there is no question we would regard an attack by China as a grave development. We noted that the President has said that a significant cross-border attack on any major country would be a matter of serious concern to us. We cast this in general terms of our concern for blocking aggression.

3. Brezhnev's Proposal: In response to our query, the Indians said they were surprised by the idea. All the Indians knew was that the Soviets seemed to be thinking more about general cooperation than about a military alliance. India certainly does not favor military alliance. The Indians speculated that the Soviets are interested in dissolving existing pacts and are groping for some formula to provide a substitute.

4. Pakistan: The Indian party's animation increased markedly as they began to talk about Pakistan's lack of responsiveness to Mrs. Gandhi's recent renewed proposal for a no-way pact. They went on to outline the familiar Pak refusal not to negotiate any issue until progress is made in discussing two basic issues -- Kashmir and the distribution of the waters in the eastern rivers. They also launched into a long documented discussion

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of how Pakistan has doubled its military strength since 1965. We replied that we have no interest in the exacerbation of the India/Pak conflict. It confronts us with decisions we would prefer not to have to make and we hope both sides will succeed in normalizing relations. The Indians advised us vigorously not to repeat the "mistake of 1954" in our decision on arms supply. We replied that there would be no decision on military supply policy on this trip, and they made a further pitch that we withhold our decision until the India/U.S. talks in Washington in October.

5. Economy: The Indians outlined generally favorable economic conditions in India today and said progress has been made in resolving bilateral issues that were outstanding only six months ago. They outlined the following as the outstanding current issues: their hope that tallow could be included in the current PL 480 agreement; their desire that we clarify our position on additionality; their hope for reasonably high AID appropriations; various trends in multilateral agencies which India does not care for. In response, we emphasized the very difficult opposition confronting the aid bill this year, while reiterating our determination to press for as high an appropriation as possible. India, while expressing appreciation for past aid, emphasized that per capita, it is perhaps the lowest in the world. The Indians then expressed their desire to improve commercial relations, much along the lines staked out during Foreign Minister Singh's visit to the U.S. last month.

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6. Regional Economic Cooperation: The Indians mentioned specifically the ECAFE Council of Foreign Ministers and the proposal for a payments union in the Asia area. In discussing regional and sub-regional cooperation, the Indians urged us to press Pakistan to move ahead on the transit agreement with Afghanistan and India. We noted that at every stop, the President had said we encourage regional cooperation. We noted that everyone agreed in principle but then raised particular problems which they faced.

7. Middle East: We described our general objectives and the results of Sisco's trip to Moscow.